



**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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In the Matter of the Application of	)	A.13-09-010
Southern California Gas Company (U 904 G)	)	(filed September 16, 2013)
For Approval of The Branch Office Optimization Process.	)	

**OPENING COMMENTS on the PROPOSED DECISION OF ALJ COLBERT  
of THE UTILITY WORKERS UNION OF AMERICA (UWUA)**

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**OPENING COMMENTS on the PROPOSED DECISION OF ALJ COLBERT  
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**Introduction and Overview**

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure the Utility Workers Union of America (UWUA) files these Opening Comments on the Proposed Decision (PD) of ALJ Colbert, filed on May 23, 2016.

UWUA is pleased that the PD provides for retaining community branch offices (CBOs) to continue to serve SoCalGas customers in Santa Barbara and San Luis Obispo. Unfortunately the PD would permit the immediate closure of three CBOs (Santa Monica, Bellflower and Monrovia) and would permit closure of a fourth branch office (Palm Springs) when a certain condition relating to customer identification is met.

If the PD were adopted the Commission would absolutely deprive over 4400<sup>1</sup> low income customers of their sole method of interacting with their gas utility, in order to save remaining 5.5 million customers about a penny a month. The PD finds that victimizing "only" 4400 specific (unique) low-income customers does not "disproportionately" impact the CARE population "...since less than 0.4 % of the total CARE population will be impacted by the closure of certain offices." PD at pages 37-38 This would violate the basic notion of utility regulation that it is customers, not abstract categories or aggregations, who are protected by the law. The Commission should not go there.

The PD mis-states the law and Commission precedent, ignores long-standing Commission precedent, reflects bad public policy with respect to the provision of adequate customer service and reaches erroneous conclusions permitting the closures. Adoption of the PD would be contrary to law. PU Code section 451

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<sup>1</sup> **Bellflower -- 442** unique CARE customers for 5717 cash payment transactions (indicating a non-banked customer); **Monrovia -- 837** unique CARE customers for 2320 cash payment transactions; **Santa Monica -- 1834** unique CARE customers for 4553 cash transactions; **Palm Springs -- 1314** unique CARE customers for 4223 cash transactions. These numbers reflect only customers who use the affected branch offices exclusively. There are far more customers who use CBOs regularly but not exclusively who would also be victimized.

The PD's conclusions are not supported by findings, and its findings, such as they are, are not supported by the evidence. The PD ignores unrebutted evidence that some customers denied CBO service cannot utilize MyAccount (the SoCalGas on-line customer page) because it is exclusively in English; that they cannot utilize the Customer Contact Center (telephone call center) because of low levels of service and inadequate handle time.<sup>2</sup> The PD fails to find that alternate CBOs are accessible by public transportation, because there is no evidence that would support any such finding.

The Commission should dismiss A.13-09-010 and order the stakeholder parties to do what the Commission did in the comparable PG&E case from 2007,<sup>3</sup> and ordered SoCalGas to do in the most recent controlling order:<sup>4</sup> direct utility, consumer representatives, employees and Commission staff to develop a consensus approach to enable SoCalGas to meet its obligation to provide every customer with the opportunity to interact effectively with his/her utility provider of essential service. This is required by statute and by D.08-07-046, the Commission's last pronouncement affecting SoCalGas.

A.13-09-010 was not responsive to the 2008 invitation of the Commission to "bring an application at any time to propose a comprehensive solution to the problems of business office closures and payment locations..."<sup>5</sup> UWUA would welcome such an application and a process that engages the knowledgeable employee workforce engaged with customers every day. A.13-09-010, and the PD granting the application in part, are not it. They are merely rationalizations for ongoing degradation of customer service and communications in Southern California that conspicuously fail to address the problems created for vulnerable customers, including low income.

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<sup>2</sup> Level of Service (LOS) refers to the frequency of call pick-ups within one minute of the caller's contact. See Testimony of Javier Salas, UWUA Exhibit 3, pages 5 through 7, Q and A 8,9 and 10. Handle time is the allowed time for a customer service representative (CSR) to stay on the line with a customer. Salas Testimony at pages 9-10, Q and A 12.

<sup>3</sup> D.07-05-058, Order Adopting a Settlement Agreement Regarding the Closure of Nine Front Counters, issued May 29, 2007 in A.05-12-002 and I.06-03-003

<sup>4</sup> D.08-07-046, Decision on the Test Year 2008 General Rate Cases for San Diego Gas and Electric Company and Southern California Gas Company, issued August 1, 2008 in A.06-12-009/010 and I. 07-02-013. See pages 19 through 21; Findings of Fact 20, 21 and 22 (page 92); Conclusions of Law 20 (page 101), and Ordering Paragraph 11 (page 104).

<sup>5</sup> D.08-07-046, page 21. The complete text of D.08-07-046 relating to CBO closures is reproduced below at pages .

The stakes for vulnerable customers, the 4400 low-income victims of the PD and potentially many more, were clearly articulated by the Commission 24 years ago:

Although the closure of a branch office itself does not constitute the elimination of a basic service (such as shutting off the gas to a home) our concern is that SoCalGas' closure of branch offices ... without having adequate services firmly in place at the time of closure, whittles away a right to obtain and pay for basic services in a manner no less disturbing than an outright physical embargo of these customers.

*Corona City Council v. Southern California Gas Company*, 45 PUC2d 301, 310 (1992)

The Commission should reject a facile appeal to “efficiency” and preserve service for the customers of CBOs in Bellflower, Monrovia, Santa Monica and Palm Springs.

### **Summary of Recommendation to Reject the PD**

Southern California Gas (SCG) is a monopoly on which millions of Southern California, residents depend, because it provides them with essential services. Its current attempt to restrict in-person customer service by closing community branch offices (CBOs) is only the most recent effort in a multi-decade campaign to limit its obligations to the most vulnerable members of our Southern California community. The Commission has rejected this campaign to close CBOs through a series of decisions beginning with *Corona City Council v. Southern California Gas Company*, D.92-08-038, 45 PUC 3d 301 (1992).

Application A.13-09-010 attempted to lift a moratorium on CBO closures established by D.08-07-046, the Commission’s decision in its 2008 Test Year General Rate Case. The PD would lift the moratorium on closures in a manner that is internally inconsistent and inconsistent with the Commission’s own precedents. It would harm thousands of vulnerable customers, contrary to statute. There is no offsetting benefit to the public.

The “branch office optimization” (BOO) scheme contained in the Application is a mathematical formula to rationalize CBO closures, not to provide an effective process for assuring effective customer communications and service. It reflected a pre-determined CBO reduction policy that violates the Commission’s precedents by ignoring, dismissing and/or minimizing (through a misleading over-emphasis on payment transactions at branch offices) the full range of services provided by CBOs, contrary to the express

directives of the Commission's prior orders to afford every customer an opportunity to interact with the utility on the full range of issues and services. The PD expressly refuses to approve the BOO scheme, but gives it effect anyway.

The PD facilitates a service reduction policy. It follows the Application's failure to address or mitigate impacts of closings on the ability of vulnerable customers, particularly low income customers, to access utility customer representatives and services contrary to statute and the express directives of the Commission. The PD's evident uneasiness with the service reduction policy, expressed through various caveats and directives to develop additional information for future cases,<sup>6</sup> emphasizes rather than mitigates the failure to comply with existing legal requirements for adequate service. The PD's crucial "Conclusion of Law" highlights the legal error:

5. The closure of the Bellflower, Monrovia, Santa Monica and Palm Springs branch offices is in the public interest because it permits SoCalGas to reduce costs by closing four branch offices with relatively few transactions while ensuring that customers affected by the closure have access to reasonably comparable service through alternate means. PD at page 54

Note that the proposed Conclusion of Law differs in a crucial way from the correct formulation in the Assigned Commissioner's Scoping Memo: "[W]hether the alternatives proposed by SoCalGas will result in reasonably comparable and adequate service." Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling, issued March 7, 2014, at pages 5-6 By evading the critical element of statutory "adequate service" at issue in this case -- assuring each customer an opportunity to effectively interact, including in-person interactions -- and substituting for it the newly-minted notion of "reasonably comparable service through alternate means" that does not include access to in-person service, the PD ignores the statutory command that each utility

... furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities ... as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. PU Code section 451

While there is no absolute measure for the "comfort and convenience" element of adequate

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<sup>6</sup> See PD, Ordering Paragraphs 9, 10, 11 and 12.

service, past Commission decisions addressing branch office closures have given it content; the PD ignores those decisions.

These Comments discuss the weaknesses in the evidence intended to support the CBO optimization process and the specific CBO closures proposed for the communities of Santa Monica, Palm Springs, Monrovia and Bellflower. UWUA will focus on the inadequacy of proposed alternatives for customer service – authorized payment locations; MyAccount (internet); and Call Centers, applicable to all the specific closures. The evidence in this docket, including public participation hearings (PPHs), demonstrate that SCG is unprepared for the specific office closures it has proposed and is uninterested in meeting its broader customer service responsibilities. Its belated attempt (April 2014, at least three years after conceiving the proposed closure regime) to survey actual customers impacted by proposed closures and its improvised responses to factual demonstrations of service inadequacies and impacts on vulnerable customers highlight this fact.

As only one example, SCG has failed to provide the Commission and the public with transportation information for remaining CBOs near CBOs proposed for closure in its “proximity screen,” even though the Commission has in prior orders required this information. The PD therefore fails in this respect as well. The PD attempts to paper this over by requiring it for future closure proposals.<sup>7</sup>

There is no question on this record that over 4400 unique CARE customers will be completely deprived of the in-person services on which they rely if the four offices proposed for closure actually close. The asserted public benefit from their victimization is a cost savings (expense) estimated to be less than \$1 million annually, (approximately \$230,000 per closed office). This is a “savings” of less than 1.2 cents per month for each of the 5.5 million residential customers of SCG.<sup>8</sup> Saving a penny by cutting off the ability of over 4400 families to pay their bills or reduce them by resort to the CARE discount or to conservation programs, and risk the consequence of losing heat, light and power through shutoff, is an unconscionable result. The law requires utilities to provide adequate service to their customers. It is not reasonable to deny service to customers in the pursuit of this

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<sup>7</sup> PD, page 45

<sup>8</sup> Core customers pay approximately 80 % of authorized revenues, or approximately \$0.7 million of the purported “savings” or \$0.13/year per customer.



minimal bill reduction.

The Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling, issued March 7, 2014 (hereafter ACR/Scoping memo) directed the parties to address specific questions.<sup>9</sup>

1. Is the Branch Office Optimization process proposed by SoCalGas reasonable and consistent with the directives in D.08-07-046? If so, how? If not, how not?
2. Is closure of the branch offices currently located in the cities of Bellflower, Monrovia, Palm Springs, San Luis Obispo, Santa Barbara, and Santa Monica in the best interest of the majority of SoCalGas' customers?
3. What are the in-person services customers should currently expect from branch offices and whether the alternatives proposed by SoCalGas will result in reasonably comparable and adequate service.
4. Will the Branch Office Optimization process result in an unreasonable deterioration of service for low-income, special needs, elderly or limited-English speaking customers?
5. Is the "proximity screen" to ensure that any potentially closed branch offices must have at least one Authorized Payment Location (APL) located within five-mile radius of the existing branch office sufficient to protect customers?

ACR/Scoping Memo at pages 5-6

These Comments address these questions directly. The PD fails to.

### **Legal Standards for Adequate Service**

UWUA moved to dismiss A.13-09-010 because it failed to meet the substantive requirements for adequate service established by Pub. Util. Code section 451 and *Corona City Council v. Southern California Gas Company*, D.92-08-038, 45 PUC 2d 301 (1992), the Commission's decision from 1992 rejecting SCG's unilateral attempts to close CBOs and ordering a large number already closed to be re-opened.<sup>10</sup> The Assigned Commissioner denied the Motion, finding without elaboration or explanation that the application was "responsive" to D.08-07-046 and "consistent" with D.92-08-038.<sup>11</sup> This ruling permitted

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<sup>9</sup> Two the Scoping Memo questions, numbers 6 and 7, have been answered practically by withdrawal of the Tier 2 advice letter proposal and the evolving customer notice procedure. These Comments will not address them.

<sup>10</sup> *Motion to Dismiss of the Utility Workers Union of America (UWUA)*

<sup>11</sup> ACR/Scoping Memo, pages 2-4.

the case to proceed to hearings, but did not resolve the merits issues described in the Scoping Memo issues.

SCG did not meet the substantive requirements for adequate service articulated in those cases. Both decisions establish a consistent policy framework within which services at CBO locations are to be provided. The Scoping Memo (at pages 5-6) specifically directed the parties to address

1. Is the Branch Office Optimization process proposed by SoCalGas reasonable and consistent with the directives in D.08-07-046? If so, how? If not, how not?

and

3. What are the in-person services customers should currently expect from branch offices and whether the alternatives proposed by SoCalGas will result in reasonably comparable and adequate service.

This portion of Comments contains a detailed discussion of the substantive requirements of state law, including both Commission precedents and statute. A plain reading of these materials demonstrates the utter inadequacy of the SCG showing and the PD's proposed closure order based on that showing.

In summary, the Commission has recognized that the customer service element of statutory adequate service encompasses the following principles:

(1) Customer service involves multiple interactions about service orders and quality, bill payment, information, and safety. All of these services should be reasonably available from a monopoly utility. *The PD's closure order denies this service element to thousands of customers.*

(2) Every customer is entitled to interact effectively with the utility, particularly vulnerable customers such as low-income, senior citizen and physically challenged. This requires access to utility customer service representatives. *The PD's closure order denies this service element to thousands of customers*

(3) A utility must offer a range of communication modalities, including in-person interaction; if the utility seeks to restrict the in-person mode by closing CBOs, it must offer alternatives as effective as the one curtailed. *The PD's closure order*

*denies this service element to thousands of customers.*

(4) A utility proposing to restrict a customer service modality must make a particularized inquiry into the customer hardships caused by the restriction and offer effective alternatives to the customer hardships. *The PD's closure order denies this service element to thousands of customers*

(5) Difference in cost to serve customers is not a basis for denying them service. It reflects an example of appropriate application of average cost principles. *While giving lip service to this element, the PD denies effective communication and service to thousands of customers for a bill reduction of about a penny per month for the other 5.5 million SoCalGas customers.*

The utility bears the burden of persuading the Commission on each of these matters. In this case SCG is faced with a “moratorium” on office closures and a requirement that it resolve the problems identified in the order establishing the moratorium, dating from 2008. The PD’s permission to close four branch offices is contrary to law in failing to require compliance with D.08-07-046, which applied decades-old Commission precedent.

The foundational case in this area is *Corona City Council v. Southern California Gas Company*, 45 PUC2d 301 (1992), D.92-08-038, which ordered:

“...SoCal Gas shall not close any branch office nor materially diminish the services provided in any branch office without the express prior permission authorization of the Commission.....” Ordering Paragraph 5, 45 PUC 2d 301, 314, emphasis added

In *Corona City Council* the Commission was presented the same concept as in the instant case. A consulting firm (CRESAP) recommended a change in SCG’s customer service approach from branch offices that “... perform a variety of services as ‘one-stop shops’” to a recommendation “...that branch offices focus entirely on processing payments from ‘needy’ customers...[and] all service and inquiry functions be transferred to a centralized service bureau, whereby customers would receive service by phone or mail.” 45 PUC2d at 305, emphasis added. The Commission rejected this retreat from “one-stop service.”

“The 12 branch offices which were closed had provided a wide range of services to ratepayers. The services included: (1) the receipt of routine and late payments; (2) processing orders for service turn-on and turn-off, gas appliance repair, adjustment, leakage and various other orders; (3) advising customers on energy conservation

measures; (4) handling various complaints, inquiries and extension requests; (5) preparing customer account inquiry forms...;(6) providing customers with duplicate bills; (7) receiving bill deposits ...payments; (8) making cash refunds; and (9) providing assistance to low income ratepayers such as [list]...

...SoCal Gas believes that equivalent service will be provided by a combination of (1) authorized payment agencies (APAs), (2) telephone service, (3) payment of service by mail, (4) other branch offices.

...Some services cannot be adequately provided by phone mail or at an APA. As a consequence, complainants contend, the closure of these branch offices resulted in a significant degradation of service.

The evidence in this record overwhelmingly supports the complainants' position." 45 PUC2d at 306-07, emphasis added.

This list of nine separate service modes available at CBOs answers Scoping Memo Question 3. Eight of them do not involve payments. The Commission placed great significance on the hardship caused by the need for customers to travel to the nearest CBO (not APA) for services other than payments. An APA was by definition inadequate, because it did not offer those services. 45 PUC2d at 307 and footnote 12, page 315 In the same vein the Commission rejected the content of the SCG notice of closure, because it was useless for customers coming for services other than payments.

"For those customers who came to the branch office for a purpose other than bill payment, the notice provided no information at all." 45 PUC2d at 309

Thus the Wilson-era Commission emphasized and did not dismiss or minimize the full service, multi-purpose transaction aspect of the CBO, as SCG attempted to do in its 1992 closure process and as the PD attempts to do.

*Corona City Council* established several over-arching policy considerations that should govern the Commission's decision. First, the Commission noted that branch office closure involves a balancing of considerations, but placed no thumb on the scale for efficiency.<sup>12</sup> The Commission was very clear:

"While we find no rational basis for SoCalGas' decision to close the most efficient offices, we do not mean to imply that SoCalGas was justified in closing less efficient offices. The goal of efficiency may often conflict with the goal of providing just service. A rational decision-making process will understand and weigh both goals."

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<sup>12</sup> 45 PUC 2d 316, footnote 19 and related text, emphasis added

An appropriate balance requires understanding “...the value of these services to the customer and the costs and burden borne of customer when these services are discontinued....[I]t is essential to this determination.” 45 PUC2d at 310 Appropriate balancing requires both effort by the utility to understand those hardships from the customers’ perspective and weighing customer hardships in the balance by the utility and the Commission. This did not occur in the instant case because the utility did not perform the study and the Commission itself made no effort, although presented with overwhelming evidence of customer dependence on CBOs. Victimizing 4400 low income customers for a penny a month in “efficiency” is not a rational decision-making process.

The *City of Corona* order flatly rejected the “subsidy by the majority” rationale for CBO closures and restrictions on customer service, which the PD attempts to rehabilitate sub rosa by referring to “efficiency,” without acknowledging the pitiful savings amounts involved.

“...SoCalGas argues the ‘millions of rate payers who do not use the payment offices’ should not be ‘forced to subsidize’ these facilities. SoCalGas’ argument represents a fundamental misconception of its obligation as a public utility. The fact that a majority of customers may have the ability to pay their bills by mail does not justify a decision to deny payment facilities for the ‘minority.’

Because utility rates are based on average costs, subsidies are an inherent part of the rate structure. Old customers subsidize new customers. High volume customers subsidize low volume customers. Customers in high-density areas subsidize customers in low-density areas. Customers who obtain service by mail subsidize those who use a branch office and those who use the phone.

Thus, we are not troubled by the fact that the cost of delivering service to one group of customers may exceed the cost of service to another group.” 45 PUC2d at 311

The PD asserts at page 30:

UWUA asks us to deny SoCalGas request because it is inconsistent with D.08-07-046 and D.92-08-038. Specifically, UWUA argues that D.92-08-038 essentially adopted a “one-stop” customer service requirement dictating that SoCalGas’ branch offices offer the full panoply of services, including payment receipt, information and field services to all customers. UWUA further argues that restricting access to customer service representatives is a deprivation of service, and that the alternatives offered by SoCalGas including APLs, online payment through My Account, mail, and Customer Contact Center communications are inadequate to address customer service and information needs.

We disagree. We find in D.92-08-038 and D.08-07-046 no explicit

requirement for a “one-stop” customer service. Contrary to the assertions of UWUA, the Commission has not defined adequate service as the “one-stop” concept supported in UWUA. In fact, in D.13-05-010 and D.07-05-058, the Commission found that it was reasonable to close two SoCalGas branch offices, and nine PG&E branch offices, respectively. More recently, the “one-stop” service concept was refuted in D.13-05-010, which denied a UWUA request to staff all branch offices with CCRs.

The assertions supporting the PD’s “disagreement” with UWUA are wholly unfounded. As the quoted and emphasized language in *City of Corona* at page 305 makes clear, the multiple-purpose transaction – which the decision itself called “one-stop service” – is the essence of the branch office interaction, which affords the customer access. It could not be a more explicit requirement. The listing of nine different service modes available at the CBO further supports the multiple-purpose nature of the CBO transaction.

The PD’s reference to the 2012 Test Year General Rate Case decision, D.13-05-010 as “finding that it was reasonable to close two SoCalGas branch offices” is utterly fallacious. Review of the 470 Findings of Fact, 68 Conclusions of Law, and 27 Ordering Paragraphs in that 1100-page decision reveals not a single mention of branch office closures. Instead, in the body of the Order the Commission explicitly adopted a revenue requirement based on all offices remaining open. D.13-05-010 states at pages 504 and 506:

TURN’s recommended forecast assumes that all offices remain open,...

...

...

[W]e adopt as reasonable TURN’s recommended forecast of \$10.619 million for the branch offices and authorized payment locations.

This completely refutes the inference that the Commission approved any branch office closures in the 2012 GRC.

The PD’s invocation of D.07-05-058, purportedly approving the closure of nine “front counters” (the PG&E version of branch office service), proves UWUA’s point. This decision, issued a few months before the Commission imposed a moratorium on CBO closures by SCG in D.08-07-046, approved an uncontested settlement agreement among a number of parties resolving a proposal by PG&E to close all 84 “front counters,” the functional equivalent of the CBO on the PG&E system. The settlement authorized the

agreed-upon closings of nine (9) front counters as part of a comprehensive resolution of specific problems identified at a series of PPHs, including designation of special agricultural specialists and the creation of a specialized agricultural call center; grace periods for receipt of delinquent payments for unbanked customers; collaborative redesign of programs to adapt them to the affected customers' needs.<sup>13</sup>

The Commission applied its public interest standard to the settlement agreement:

...

In light of the clear public need for the services provided by PG&E's front counters, we concur with the Settlement outcome that keeps 75 of 84 front counters open. With respect to the nine front counters slated for closure, we concluded that it is in the public interest to close these front counters, with the resultant savings passed through to PG&E's ratepayers, only if the customers who use these nine front counters have reasonably comparable alternatives.

We find that the Settlement Agreement does provide reasonable alternatives. The nine front counters slated for closure were selected based, in part, on their proximity to front counters that will remain open.

D.07-05-058, at pages 14-15

There is no magic number for branch offices; PG&E's 75 is probably a floor, below which SoCalGas has already fallen. There *is* a required process that fully protects customers when closures are contemplated. The process involves engaging with stakeholders, studying concrete impacts and problems and mitigating them with reasonable alternatives including proximity to other CBOs, not payment locations.

The Scoping Memo (at page 5) specifically directs the parties to address whether

"...the Branch Office Optimization process proposed by SoCalGas [is] reasonable and consistent with the directives in D.08-07-046? If so, how? If not, how not?"

D.08-07-046 imposed a "moratorium" on branch office closures, while inviting the parties to "meet and confer" and "re-examine how to provide services to all customers." A plain reading of the decision's actual language demonstrates that SCG has failed to meet the Commission's condition for relaxing the moratorium.

Specifically, Ordering Paragraph 11 of D.08-07-046 (page 104) provides:

11. There is a moratorium imposed on SDG&E and SoCalGas precluding any further branch office closures or new authorized payment locations within

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<sup>13</sup> D.07-05-058 at pages 9-10

“payday lenders.” SDG&E and SoCalGas may file a separate application on these issues after meeting and conferring with interested parties. (emphasis added)

OP 11 is supported by Findings of Fact (FoF) and Conclusions of Law (CoL) in D.08-07-046. Findings, at page 92, provide:

20. There are unresolved problems with closing existing branch offices. Some customers are likely to be underserved.

21. There are unresolved problems with non-utility payment locations. Some customers are likely to be precluded from access to utility service representatives and unable to pay the utility directly.

22. A moratorium on closing branch offices and opening new non-utility payment locations at “payday lender” businesses will allow an opportunity to re-examine how to reasonably provide **services** to all customers. (emphasis added)

The “unresolved problems” including loss of access to utility service representatives were the basis for a moratorium that would extend until they were resolved in a comprehensive manner. Conclusions, at page 101, provide:

20. The Commission has the discretion and authority to protect ratepayers with a moratorium on branch office closures ...

D.08-07-046 specifically discusses the evidence and policy considerations supporting the moratorium and these Findings and Conclusions, at pages 20-21:

#### **“5.2.1. Authorized Non-Utility Payment Locations and Branch Offices**

... As discussed below, we still have concerns which we find compelling after considering, for example, cross examination by Greenlining and TURN which showed there had not been a careful study on the impacts to low-income customers. Thus, we adopt the settlement with the further guidance here on branch offices generally and authorized non-utility payment locations. We go further than the settlement and place a moratorium on branch office closures ...

“We find that the proposal to close branch offices is problematic for low-income customers. We, therefore, find that all existing branch offices should remain open but that applicants may separately apply to close individual offices in the future or revisit the issue in the next GRC. The reality is that some customers are more expensive to service than others: we cannot presume all to have internet bill-paying capacity or even checking accounts. Therefore, ***we must find a way to serve these customers’ needs for bill payment, customer service, and information. The traditional branch offices serve these functions.***” (emphasis added)



### **“5.2.2. Authorized Non-Utility Payment Locations**

... As noted above, some customers are harder to serve and branch offices meet their needs. We accept applicants’ testimony on the very limited number of customers who use branch offices or payment locations. Nevertheless, we agree that these payday lender businesses are problematic because of the potential for customers to enter into legal but costly loans in the process of paying their utility bills. We, therefore, will place a moratorium on any further contracts with payday lenders. We invite applicants to work with parties and develop other options to serve these customers’ needs. SDG&E and *SoCalGas may bring an application at any time to propose a comprehensive solution to the problems of business office closures and payment locations, or defer any further action to the next GRC.*” (emphasis added)

In D. 08-07-046 the Commission “finds” that closure is “problematic” for low income customers and states: “...We, therefore, find that all existing branch offices should remain open....” The Commission clearly expects that an application that proposes branch office closure will address the problem of providing the full panoply of services, including payment receipt, information and field services to all customers. Finding 22. Since the branch offices provide all of those services, any substitute for the branch office must provide them as well. Finding 22 (“services,” plural) and discussion 5.2.1 (“...we must find a way to serve these customers’ needs....”) As Finding 21 notes, restricting access to “customer service representatives” is a deprivation of service, an “unresolved problem” that the Commission expects to be addressed in any subsequent proposal for a “comprehensive solution.” Again, the Commission recognizes the fact that some customers are more expensive to serve. In D.08-07-046 the Commission reiterates that that is not a basis for refusing to serve them; indeed for those customers a branch office may be necessary. It is a rationale for maintaining branch offices.

Because it has no legal basis for facilitating CBO closings, the PD in this case is reduced to a statement of brute force, unsupported by reference to law or precedent:

Moreover, the Commission may change and update its policies and precedent, after appropriate notice and opportunity to be heard, and frequently must do so to address changing conditions and technologies, so long as the new policy is consistent with P.U. Code Section 451. PD at page 31

If the new policy “whittles away” the ability of thousands of customers to obtain basic services because they cannot effectively interact with their utility, it is not consistent with PU Code 451. If it does so on the basis of the de minimis savings to be achieved in this case it is not rational. The Commission should reject such an approach and its conclusion to close the four branch offices.

The decisions discussed above are grounded in the provisions of Public Utility Code section 451 which provides:

451. ...

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

All rules made by public utility affecting or pertaining to its charges or service to the public shall be just and reasonable.

*Corona City Council* explicitly applied and discussed this statute. 45 PUC2d 309-312. The Commission held that

“SoCalGas’ failure to consider, much less balance, the hardship incurred by customers in these communities is a violation of PU Code section 451. Although the closure of a branch office itself does not constitute the elimination of a basic service (such as shutting off the gas to a home) our concern is that SoCalGas’ closure of branch offices ... without having adequate services firmly in place at the time of closure, whittles away a right to obtain and pay for basic services in a manner no less disturbing than an outright physical embargo of these customers.

45 PUC2d at 310

The ability to “obtain” services other than payment receipt is undermined for the CBO customers by the PD. It should be as disturbing to the current incumbent Commissioners as it was to the Commissioners of the Pete Wilson era in California.

## **PROPOSED BRANCH OFFICE CLOSINGS**

### **General Considerations – Deficiency in the Data Masks the Importance of Customer Service at CBOs**

The Commission has weighed in to protect adequate service and has made it clear that it will not countenance an exclusive focus on payments in considering CBO closure.

Processing service orders and retaining access to utility service representatives is a crucial function of branch offices that must be preserved in any closure proposal. Nevertheless the PD focuses on closures driven by payment considerations alone. Each of the screens for transaction trends focus on payment experience; each of the utilization measures focus on payments. As the discussion of the evidence below will show, SCG does not effectively meet any of the concerns that the Commission articulated in D.08-07-046 as the basis for its moratorium. The PD justifies the SoCalGas proposal only by scenarios relating to trends in bill payments. Its service and information alternatives are either legally inadequate – payment locations by themselves have already been dismissed by the Commission in D.08-07-046 because they do not provide access to utility service representatives – or inadequate as a matter of fact to address customer service and information needs – call center and MyAccount deficiencies described by the unrebutted testimony of UWUA witnesses Salas and Moreno.

UWUA asserted that the de-emphasis of customer service functions at the CBOs reflects decades of deliberate understaffing (substitution of cashiers with limited training for Customer Contact Representatives (CCRs) fully trained and authorized to perform a variety of customer service functions.) The PD notes that UWUA's attempt to correct this particular defect was rejected by the Commission in D.13-05-010.<sup>14</sup> But understaffing is not the only device used to de-emphasize the customer service component of CBO service.

In A.13-09-010 SCG attempted to minimize the significance of transactions other than payments through several other devices. These ploys included understating the number of branch office service order transactions in the aggregate and understating and underreporting the number of branch office service order transactions for the affected branch offices.

The most serious problem is SCG's apparently systematic attempt to under-report service order transactions. This is due to a feature of SCG data collection intended to systematically under-report service orders, as the presiding officer in this case recognized.

ALJ HALLIGAN: I have a question. Does the stub count that you were referring to, is that when folks pay their bill?

MS. HUERTA: Yes, when they come in and pay their bill. That is what they

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<sup>14</sup> PD at page 30-31, citing D.13-05-010, page 527

consider a stub count.

ALJ HALLIGAN: They don't count other services in that particular count?

MS. HUERTA: That is correct.

ALJ HALLIGAN: Thank you.

Testimony of Emma Huerta, Monrovia PPH, page 41, line 21 through p. 42, line 2

The PD's choice to credit SoCalGas transaction numbers fails to account for this tactic. PD, page 33.

This tactic results in transaction numbers that are very different from what UWUA found when it asked customers at the branch offices proposed for closure what they had actually transacted. UWUA found that in general customers came in to a branch office for multi-purpose transactions that include bill payments and other transactions.<sup>15</sup>

In response to the UWUA survey, SCG undertook its own survey in April 2014, following the filing of the UWUA Testimony.<sup>16</sup> This survey was also skewed toward the same under-reporting angle. Survey Question 1 asked respondents for the "main purpose of your visit today" (emphasis in original) accompanied by a list of responses to be suggested that prominently includes "pay a bill" and "make a payment."<sup>17</sup> This question fails to elicit what the customer actually did, and fails to record for evaluation the "multiple purpose" objective of the Commission's preferred one-stop policy for customer service.

The PD notes UWUA's observations on this point, but fails to apply the correct legal standard – CBO service facilitates multi-purpose transactions – and therefore underestimates the customer harm that results from CBO closure. PD at pages 36-38.

Going forward, consideration and management of customer service modes including in-person transactions at CBOs as well as the other modes – internet, call center, APLs, communication contractors – should be transparent and inclusive, making use of the professional expertise of consumer advocates; the practical expertise of employees; and the professional expertise of consultants and managers. This transparency should extend to

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<sup>15</sup> Testimony of Sandy Null/Emma Huerta, Q/A 15, pages 20-22.

<sup>16</sup> *SoCal Gas Branch Office Customer Intercept Study*, prepared by Davis Research, Attachment C to Rebuttal Testimony of Michael Baldwin, hereafter "*Davis Survey*."

<sup>17</sup> *Davis Survey*, Appendix page 1. Question 1 was combined with Question 2 in the tabulation of responses, masking the service order element of the multiple purpose visit. *Davis Survey*, Pages 7 and 8 reporting "reasons for visiting branch today and in the past." (emphasis in original)

data collection and analysis. The PD agrees with this suggestion going forward, but it does not apply it to the case at bar, despite the consistent admonition of the case discussed above.

### **The Branch Office Optimization Process Fails to Protect Vulnerable Customers**

The SCG Branch Office Optimization Program is grounded in a policy of reducing and restricting in-person multi-transaction service at CBOs. Closure will impose hardships on customers who use CBOs, particularly vulnerable customers.

These transaction screens do not consider non-payment transactions and thus are fundamentally at odds with the multiple-transaction service the Commission has been at pains to preserve. Further, they are a recipe for phasing continuous closure, since each closure changes the median and universe for screens (3) and (4) respectively. The only meaningful screen is screen (2) (absolute decline in payment transaction volume), which measures the wrong phenomenon (payment transactions versus total transactions) and can be manipulated through location of APLs to divert in-person payment transactions volumes from CBOs.<sup>18</sup> They are not a basis for determining the extent of utilization by customers, or the hardship that customers would face from closure of a CBO. Customer hardship and its mitigation is the measure that has concerned the Commission.

SCG has attempted to respond to the Commission's expressed concern for vulnerable customers by applying what it characterizes as "Low Income" screens that (1) exclude from closure consideration CBOs in "areas" with median income below CARE eligibility; (2) exclude from closure consideration CBOs that serve a proportion of CARE customers above the median for all CBOs; (3) exclude from closure consideration CBOs that have a proportion of cash payments above the median for all CBOs.<sup>19</sup> Again, these "screens" are recipes for phasing continuous closure, since the application of screens (2) and (3) will change as the universe of CBOs and medians changes through past closures.

The PD opines that "...most of SoCalGas' proposed screens are thoughtful and assist in preventing disproportionate impacts to low income, disabled, and elderly customers." It

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<sup>18</sup> C.f., UWUA Exhibit 1, Testimony of Null/Huerta, page 17, line 8, describing an APL located within one block of the Palm Springs CBO.

<sup>19</sup> Baldwin Direct testimony at p.13

makes no Finding of Fact to that effect, and does not specify which ones do and which ones do not “assist.” PD, page 38 The PD opines that the three low-income screens will mitigate negative impacts “to some extent” without specifying to what extent. It makes no Finding of Fact on that point and does not specify the “extent” of harm it considers tolerable. The PD is unsupported by legally sufficient evidence, findings or conclusions.

The final “screen” is a “proximity” screen intended to assure that there are options for in-person service nearby for customers losing their CBO to make their payments. SoCalGas identified nearby APLs, but as discussed above APL proximity is not the appropriate consideration. Recognizing that CBO customers may not have access to cars or drivers, SoCalGas identified nearby APLs and identified public transit options to those APLs for customers of some of the CBOs proposed for closure. SCG has been so focused on the payment function of the CBO that its proximity screen is exclusively based on proximity to payment offices, not other CBOs as the Commission requires. The PD attempts to correct this focus, insufficient as a matter of law, but fails to address access and transportation issues because there is no testimony on which to base it.<sup>20</sup>

Convenient access to a full-service CBO is the correct consideration because of the essential customer service and information role that CBOs have. The PD, in an attempt to salvage the SoCalGas proposal, makes findings with respect to the travel distance to “nearby CBOs,” but is unable to describe or find that public transit is available – or what other transportation options may be available -- because it is in the record. The PD acknowledges as much, and specifically directs SoCalGas to study transport issues for its next round of closings. PD, page 45

The PD finds, at pages 54-55:

9. Closure of the Bellflower, Monrovia, Santa Monica and Palm Springs branch offices may increase the distance a customer needs to travel to reach the next nearest branch office if necessary.

10. The next closest branch office to the Bellflower, Monrovia, and Santa Monica branch offices are located 6, 9 and 11 miles away, respectively.

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<sup>20</sup> While the PD does describe the distance to remaining CBOs, it does not describe transportation access, because SoCalGas did not provide it. Baldwin Testimony, pages 14ff. Although Mr. Baldwin references “other branch offices” available to CBO customers faced with closure, he does not describe the distance to the nearest branch office or public transportation options for these affected customers. Baldwin Testimony at page 36.

11. The next closest branch office to the Palm Springs office is in Indio, 21 miles away from the Palm Springs branch office.

This is legally insufficient. Application of the correct proximity consideration that includes the lack of transportation options and public transportation would eliminate each of the six CBOs from consideration for closure.

None of these offices should close.

### **Alternatives to In-person Service Proposed by the PD are not Reasonable or Effective**

As discussed above, the Commission has required an explicit consideration of customer hardship that balances the value of CBO service to the customers against efficiency concerns. Rather than acknowledging the customer hardships and addressing them, the PD ignores, dismisses or minimizes them.

However, this may not be an insuperable barrier to CBO closure if customers are offered effective and meaningful alternatives. The PD finds:

15. The need for access to a physical branch office has become less important for the majority of customer transactions with the advent of online access and wireless technologies that provide 24/7 access to SoCalGas' Customer Contact Center, My Account and IVR system.

Each of the alternatives to CBOs offered by the PD is inferior, in part because the record does not address the customer service component, and in part because each of the alternatives is significantly flawed from a customer service standpoint.

### **Ineffective Alternatives – Authorized Payment Locations (APLs)**

SCG has established a network of authorized payment locations (APLs) for performing the some of the routine payment receipt function of the CBO. As the Commission has repeatedly recognized, APLs are not an adequate replacement for CBOs because they are not capable of providing the service, scheduling and information functions of a CBO. (See above at pages 18-19). However, even by their own standards, SCG's APLs fall short.

The largely uncontradicted or rebutted testimony of UWUA witnesses Null and Huerta is that<sup>21</sup>

“The APL service is limited to receipt of monthly bill payments by residential customers only, and the service is substandard even from that standpoint. It is in no way comparable to the one-stop service offered by a fully staffed branch office, or even an understaffed (cashier only) branch office.

The service is substandard because

- APLs do not have drop-boxes for receiving after-hour payments.
- Locations are arbitrary and in some cases are dangerous and not conducive to the wellbeing of the customer.
- APLs are often not ADA-compliant.
- The customer making a payment is exposed to other marketing pressures.
- The customer is often inconvenienced while at the APL.
- Customer personal information is not secure.
- The APL personnel are not trained and not capable of providing one-stop service.
- APL locations are not equipped or stocked with brochures or phones to give customers an opportunity to get additional services or information.”

An example of confirmation of the Null/Huerta Testimony is verification of identity documents for FACTA purposes. APLs cannot verify identity documents for establishing service or accounts; only the CBO can. Null/Huerta testified that SCG permits customers to fax identity documents to a central location, but that this enables a simple identity theft scenario – the faxing of someone else’s identity document. SCG confirmed the fax alternative, but did not address the identity theft concern enabled by that “customer service alternative.” Baldwin Rebuttal Testimony, pages 8-9 and footnote 19. The Supplemental Testimony of Mr. Baldwin and Ms. Huerta about changes to FACTA practices illustrates the existence of on-going problems that can only be addressed in person at CBOs at the present time. That is the basis for deferring closure of the Palm Springs office.

In this respect the PD is internally inconsistent. It finds that identity verification procedures require in-person contact for many such transactions. Finding of Fact 17, PD at page 55 It delays closure of Palm Springs until a FACTA identity-check procedure that does

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<sup>21</sup> UWUA Exhibit 2, Testimony of UWUA Witnesses Null and Huerta, Q&A 10 at page 14. Hereafter this is referred to as Null/Huerta Testimony.



not require in-person presentation of identity documents is in place. Ordering Paragraph 2, PD at page 57 Closings of Bellflower, Monrovia and Santa Monica are not deferred even though an effective FACTA procedure is not in place for them either.

### **Ineffective Alternatives –MyAccount and Call Centers (CCC)**

SCG offered that telephone and internet are workable alternatives for vulnerable customers. The PD parrots it. Conclusion of Law 5, PD at page 56<sup>22</sup> The testimony of UWUA witnesses Moreno<sup>23</sup> and Salas<sup>24</sup> refute this. Their testimony is uncontested and un rebutted. SCG has not yet solved the problems of technological exclusion, diminished ability to solve service and payment issues, and language barriers that contributed to the rejection 22 years ago. Through an inclusive process that receives employee input and insight SCG could improve delivery of service through these remote means. The unilateral SCG approach perpetuates the deficiencies identified by the UWUA witnesses.

UWUA Witness Moreno testified that MyAccount had a number of fatal deficiencies as an alternate to in-person service at a CBO. SCG did not refute or rebut any of these identified weaknesses.

- The MyAccount page is available only in English. Moreno Testimony, page 3, line 2
- The MyAccount page cannot be used by customers who do not have a bank account. Moreno Testimony, page 3, line 23.
- It cannot be used by customers who do not have computer access or internet access. Moreno Testimony, page 3, line 22
- The MyAccount web-page is confusing and pushes customers toward paperless billing that may undermine consumer protections and notices. Moreno Testimony, Q&A 6, page 4, line 27 through page 6, line 15; Q&A 12, page 9, line 9 ff.

As SCG and the Commission recognize, CBO customers disproportionately are unbanked, and lack computer and internet access. The quirks and unresolved customer service issues, including language access, make MyAccount an insufficient substitute for in-person service for the SCG customers who use community branch offices. Before closing

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<sup>22</sup> There is no specific Finding of Fact that supports this Conclusion of Law.

<sup>23</sup> UWUA Exhibit 3, Testimony of UWUA Witness Belinda Moreno, hereafter Moreno Testimony.

<sup>24</sup> UWUA Exhibit 4, Testimony of Javier Salas, hereafter Salas Testimony.

any CBOs SCG should improve the MyAccount webpage, beginning with language access. The 4400 victims of the specific closures are unbanked low-income customers.

UWUA Witness Salas describes lengthening waiting times for customers calling into the Call Center, and marketing devices that use the lengthy wait times at the Call Centers to drive customers to the MyAccount web-page, whose deficiencies have already been described. The PD recognizes this problem (PD at page , but merely directs SoCalGas to monitor the issue for the next GRC. Ordering Paragraph 10, PD at page 59 Mr. Salas also described pressure to reduce “handle time” at the Call Center, which undermines the concept of one-stop service.

**“Q12. How does handle time affect the ability of a CSR to respond to a customer call?**

**A12.** Handle time is the time a CSR is actually on the phone with a customer. Following the decision in the General Rate Case denying my recommendation to increase handle time, the pressure to reduce handle time – time on the phone with the customer – has become very intense, to the point where many CSRs feel that they are simply unresponsive to customers.

For example, a customer who calls in for a safety check service call and who has a pending shutoff notice will not be informed of shutoff notice and all options to pay the bill and avoid the shutoff, unless the customer specifically asks about the bill situation. The CSR is not permitted to have any other interactions with the customer unless the customer initiates the issue. The concept of one stop service is totally undermined by denying the CSR the ability to address all of the customer’s issues of which the CSR is aware on a single call.”

Salas Testimony, Q&A 12, page 9, lines 5-19

Throwing CBO customers, particularly vulnerable customers who may be unbanked, unconnected or elderly into the long queues and hurried conversations of the CCC under current conditions is not a meaningful alternative for many CBO customers, who come for multiple purposes that a prescribed time limit will not allow. Before closing any CBOs SCG should make improvements at the Call Center in a collaborative process.

#### **IV. CONCLUSION**

The Assigned Commissioner and Presiding ALJ issued a Scoping Memo that propounded specific questions. UWUA answers these questions as follows:

***1. Is the Branch Office Optimization process proposed by SoCalGas reasonable and consistent with the directives in D.08-07-046? If so, how? If not, how not?***

**Response**

The process is not consistent with D.08-07-046, or with any of the other Commission decisions over the past 22 years since *Corona City Council*. It fails to consider the hardships of the customers who use the CBOs; it focuses exclusively on payment transactions and represents a retreat from multiple purpose (one-stop) service; it fails to offer customers who are affected by closure effective alternatives at the time of closure, and thus violates the law.

***2. Is closure of the branch offices currently located in the cities of Bellflower, Monrovia, Palm Springs, San Luis Obispo, Santa Barbara, and Santa Monica in the best interest of the majority of SoCalGas' customers?***

**Response**

The closure of any of the offices is not in the interest of the majority of customers, even were that relevant. Authoritative decisions of the Commission declare it is not relevant. The failure to provide just service undermines the obligation and sense of responsibility to the public owed by every utility. Purported savings, if any, are infinitesimal, although given the moving target on programs and costs it is impossible to say what savings there are if any. Unspent capital funds targeted to making CBOs accessible should be refunded, although the failure to spend reflects dereliction by SCG. It is not a "benefit" to reclaim these funds.

***3. What are the in-person services customers should currently expect from branch offices and whether the alternatives proposed by SoCalGas will result in reasonably comparable and adequate service.***

**Response**

Customers should receive service at CBOs for all of their needs as customers in a single visit. As itemized by the Commission in *City of Corona*, in addition to routine, late and other payment issues customers get information about programs; light pilot lights; report leaks; receive documents such as duplicate bills; establish service and restore service; schedule appointments for services in the field; verify identity and credit, and receive a number of services related to low income discounts and programs. All of these service issues should be available in-person at a convenient branch office.

***4. Will the Branch Office Optimization process result in an unreasonable deterioration of service for low-income, special needs, elderly or limited-English speaking customers?***

**Response**

Vulnerable customers such as those listed disproportionately utilize CBOs and will see a marked deterioration in their service if they are closed or otherwise made less accessible. At least 4400 low income customers will see an absolute decline of service.

***5. Is the “proximity screen” to ensure that any potentially closed branch offices must have at least one Authorized Payment Location (APL) located within five-mile radius of the existing branch office sufficient to protect customers?***

**Response**

It is not sufficient. The appropriate proximity screen is for other CBOs, not APLs. Geographic proximity is not relevant if transportation is unavailable, including specifically public transportation. The PD is silent on public transportation access to nearby branch offices for Monrovia customers (Pasadena, nine miles away; PD, pages 40-41), Bellflower customers (Compton, 6 miles away; PD, page 40), Santa Monica (Crenshaw, eleven miles away; PD, page 41) and Palm Springs (Indio, 21 miles away; PD, page 42). This is another fatal flaw.

For the foregoing reasons UWUA requests that

- (1) the Commission deny A.13-09-010;
- (2) the Commission preserve the moratorium on branch office closures established by D.08-07-046 and reject closure of any community branch offices located in San Luis Obispo, Santa Barbara, Santa Monica, Palm Springs, Monrovia and Bellflower;
- (3) the Commission direct Southern California Gas Company to convene a working group consisting of the parties to this proceeding and other members of the public to propose a customer service plan for in-person service and other service modalities as an element of its next general rate case.

Respectfully submitted,

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